

Meeting Summary

VIRGINIA HOUSING COMMISSION **Housing Affordability and Real Estate Law Work Group**

August 3, 2006

Patrick Henry Building, House Room 1
1:00 P.M.

Commission Members Present:

Delegate Melanie Rapp, Chair
Delegate Bob Hull
Delegate Danny Marshall
Senator Mamie Locke
Andy Heatwole
T. K. Somanath

Work Group Advisors Present:

Bob Adams
Melissa Bondi
Jim Chandler
Chip Dicks
Bill Ernst
Andy Friedman
Kit Hale
Mark Ingrao
Jim Naggles
Chandler Scarborough
Mike Toalson

Delegate Rapp called the meeting to order and welcomed all the participants. She summarized the issues that the work group would discuss this interim. The issues will include: the state housing trust fund, discussion of the community housing tax credit, residential property disclosures and disclaimers, Arlington County's affordable dwelling unit ordinance, and the possible addition of a person representing multi-family housing interests to the Fair Housing Board.

Housing Trust Fund

The first topic on the agenda for today's meeting was the housing trust fund. Andy Friedman and Bob Adams gave an overview of the subject matter and possible solutions for creation of a housing trust fund.

Bob Adams began with a historical perspective on the state's housing fund. Originally called the Virginia Housing Partnership Fund, it was created in 1989 as a self-sustaining revolving loan fund. As a possible funding source, he suggested tying it to the recordation tax, as it will create a rededicated, reliable source of funding to help local governments to work to solve the affordable housing problem.

Andy Friedman spoke about the many different states that have a state housing trust fund including North Carolina, South Carolina, Georgia, and Florida. Thirty-six states and over 250 cities and counties have housing trust funds. Quality workforce and affordable housing units are needed throughout the state. He spoke about localities leveraging state funds through the use of the Housing Trust Fund. More multi-year commitments and long-range planning between developers, the localities and the state could occur if there was an on-going dedicated funding stream. Funds would be more flexible and thus able to help create a wide variety of housing development including housing for teachers, police officers and firefighters, and service employees among others. He stressed that resources and incentives would support state housing goals for housing which in turn aids transportation and economic development.

Virginia Housing Tax Credit

Jim Chandler of Virginia Housing and Development Authority then spoke about the issue of a state housing credit. SB 279 (2006) and HB 1174 (2006) were endorsed by the Virginia Housing Commission last year and the bills proposed a \$10 million community housing credit. The credit was an attempt to encourage affordable housing in areas where land costs are high. The credit would have equaled 50% of the actual amount the developer expended to purchase the land. The maximum allowed to each developer was \$500,000 in credits and the amount was calculated by \$5,000 multiplied by the number of units of affordable housing and would only be available to developers whose units had received an allocation of federal low-income housing tax credits (LIHTC). Questions concerning the necessity of a private letter ruling from the IRS to make this program feasible prevail.

The original Virginia Housing Tax program was enacted in 1989 but funding was budgeted in 1998. The program was not well used because most partnerships using LIHTC were not Virginia corporations.

A direct land acquisition subsidy funded through a portion of the Housing Trust Fund was suggested. It was noted that the Virginia Housing Trust Fund has yet to pass or receive funding from the General Assembly.

Delegate Rapp then suggested that Mike Toalson and other parties interested in the Virginia tax credit meet at 8:00 A.M. on September 13th to discuss the issue in-depth.

Disclosure/Disclaimer

Chip Dicks gave a brief historical reference to the Virginia Residential Property Disclosure Act. The majority of Virginians use a disclaimer form not a disclosure form. The bill he proposes the work group to endorse will list six disclosures and incorporate the three chapters listed below:

- 1) SB 670 (2006) Chapter 247 - requires notice to advise potential purchasers that they must use due diligence, including reviewing official maps, to determine if the property in question is in a resource protection area or other environmentally protected zone (such as the Chesapeake Bay Preservation area)
- 2) HB 1554 (2006) Chapter 705 - provides that the disclosure/disclaimer forms contain notice to a potential purchaser that if the owner has knowledge the property in question is in a historical district they must provide notice.
- 3) HB 286 (2006) Chapter 247 - states that there are no Uniform Statewide Building Code violations that affect safe, decent and sanitary living conditions known to the owner. Notice is given in the disclosure/disclaimer provisions of the Virginia Residential Property Disclosure Act.

Chip Dicks intends to meet with the Real Estate Section of the State Bar Association prior to the next Affordable Housing and Real Estate Law Work Group meeting in September. He will give a more in-depth report at the September meeting.

Delegate Rapp asked for public comment; there being none she adjourned the meeting at 3:00 P.M.